# Level 1: Finance

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# Introduction

As a kid, I enjoyed learning about the subject of finance. At family dinners, we often read a book at the table, and many of the books we read were about finance (e.g., “Rich Dad Poor Dad,” “Rich Kid, Poor Kid,” Dave Ramsey, etc.). Sometimes the readings were boring and complicated, and sometimes the readings were quite interesting and informative. Finance can be easy and enjoyable to learn or not so easy or enjoyable, but there are always authors out there that invest their time to break down the basics like, David Bach or Dave Ramsey (both personal favorites).

I am writing this book because many young people do not take a personal finance class in college, high school, middle school, or elementary school. Many unwise & uninformed financial decisions can be easily prevented by simply understanding and *applying* healthy

financial habits. There are not a *ton* of finance books out there that are directly addressed to students and recent graduates; hence, this is one reason why I wrote this book. I want to help inform all students and everyone else out there who wants to improve their financial situation in the most basic ways. This book will explain personal finance and provide you with some tools that will teach you how to stay in the driver seat of your financial status.

Finance does not have to be a difficult, or taboo, subject. Your financial future is something that *should* be talked about and addressed. The reason why so many students are struggling financially *isn't because they don't make a lot of money*; it's because *they do not know how to handle their money*. As a recent graduate, I want to inform you that we don't have to struggle while we are in school or out of school. Eradicate these *false* ideas from your mind:

1. Student life & Recent Graduate Life = a broke life

2. Student life consist of: fast-food, low-quality food, and ramen noodles

3. Young people do not need to know about finances until later in life

Take control of your financial life today and set yourself up for success. Money is often the root cause of many problems that are faced throughout life; and even though money is not the solution to everything, it sure does help — remember this.

Tchau,
Destiny Harris

# Chapter 1: Spending

There will *always* be something else to buy and obtain. Why do you think they came up with the new phone plans where you get a new phone every 6-12 months? New ideas and products never cease to come about. Technology never stops developing. There will always be newer versions of practically everything –always.

Spending money can often feel good. You get something like a temporary "high" probably because "feel good" endorphins are released; remember this feeling is often only *temporary* though. Many things that people purchase tend to be classified as one of the following: pointless, not worth it, or soon-to-be-outdated. I am not saying that there is not a point to many of the things that we buy, but if we really paused to think more carefully about the things we consume our money on, we will often realize that

the purchases aren't really that important nor do they have long-term value.

So why do we continue to consume things that we don't really need? For one, it's fun. Second, many of the things we buy add convenience to our life. Three, some things we simply desire, and there is nothing wrong with having these desires.

**Consumer Syndrome**

Speaking from a specifically American point of view, Americans LOVE to consume; we enjoy getting the latest phones, the newest and hottest cars, huge houses we sometimes can't afford, eating out, and engaging in *constant* entertainment (e.g., movie theatres). We are wired to consume, and the advertising industry ensures that we never stop consuming by investing billions of dollars into clever, persuasive, and successful marketing strategies. Since much of society loves to consume, it is

easy to get caught in the never-ending cycle of living paycheck-to-paycheck and always consuming more than the income we bring in.

“Consumer syndrome” is a passive addiction to spending or having the constant urge to spend money. If you continue down this route, and spend more than you bring in, you will inevitably lead yourself into a mountain of debt. At the end of this chapter I list out some applications that can help you track what you are spending; it doesn’t have to be complicated or a tedious process but tracking each purchase can really help you see where your money is going. Once you are aware of where your money is going, you can then make the necessary changes to your spending habits.

**Spend Less Than What You Make**

It is entirely OK to spend money. Some people enjoy spending their money on clothes. Some people like spending their money on traveling

and others video games. Whatever you fancy is fine; simply ensure that your spending habits do not negatively affect you. Spending more than you are bringing in is never a wise thing to do; the key to building financial security, comfortability, and wealth is to spend less than what you make. If you track what you spend every month, you will start to build an overflow of money (without even purposefully saving). Start tracking your spending today. It doesn't take long to notice where your money is really going after you start tracking it.

**Plan Your Purchases**

If you are about make a big purchase (e.g. car, computer, gaming system, TV, car, etc.), then take the time to think about it, and financially plan for it before you buy the item. Often, we will change our minds about making a purchase if we take time to think about it first. Time is often your best friend with purchases.

*Tip: If you go to the store and find something you really like, wait 48-72 hours (or two weeks) before you buy it. If after the 48-72 hours you still desire the item, get it –if you can afford it. If you don't remember or even think about the item after this "thinking" period, then you did not want the item that much in the first place, and it's probably something you don't need.*

**Risk Assessment**

Think of the purchases that you plan to make as potential investments. There are many factors you can evaluate when you make purchases. Listed below are a few main ones to consider that will help you save money:

1. Does the purchase have long-term value?

2. What purpose will the purchase serve?

3. How will the purchase benefit me now and in the future?

Of course, you do not have to ask yourself these questions about *every* purchase you make or are considering, but these questions are good to keep in the back of your mind if you are trying to become more conscientious of your spending habits and truly want to make a change. The reason why so many people spend money so aimlessly is because they do not *think* about their purchases. It is also easier to *not think* about your purchases when you are using any type of card (e.g. credit card, charge card, or debit card). If you make a purchase with *cash*, then you will think a little bit harder about spending your money; the truth of the matter is, you tend to not *feel* the hit as much when you pay with a plastic card versus when you pay with cash.

**Budgeting**

Here are the pros and cons of budgeting:

Pros

- Stay informed of what income is coming in and what income is going out

- Keep your finances organized

- Spend less

- Save more

- Track & monitor your spending trends

- Notice where you can decrease your spending in different areas

Cons

- None

A budget is helpful for many. At the beginning of every month list *all* your expenses, income, and potential spending that you intend to make.

Document this budget in a format that works best for you (e.g. phone app, paper, phone, computer, etc.). Once you complete your budget, ensure your budget is in a noticeable and easily accessible place so you can reference it often, and keep yourself financially on track for the month. I use the *EveryDollar* phone application. Another good application is, *Mint;* both phone applications will help you keep track of your spending down to the last penny. These apps also give you a categorical pie chart to depict where your money is going in each category.

# Chapter 2: Credit Cards

I still remember the first time my parents let me use their credit card years ago. My first thoughts were:

1. This is so much fun!

2. I now understand how easy it is for people to get into credit card debt.

I did not get my first credit card until a couple months after I graduated from college. The main reason I wanted to obtain a credit card was so I could gain travel points for purchases I was already planning to make. I have never really been a fan of credit cards, and I never really knew what all they were about (from personal experience). I simply knew that a lot of people used and *overused* credit cards, and I also knew

many people had a copious amount of debt from abusing these powerful plastic cards.

I now finally understand why many people find themselves in the credit card trap. You can literally buy whatever you want (depending on your credit limit of course) without having to pay for it all back right away.

**Zero Percent Interest**

Many credit cards offer a beautiful perk called, "Zero Percent Interest". Hence, you can get a credit card that offers a zero percent interest rate for a period (e.g. 12-15 months) and not have to pay anything more than what you spent. Despite credit cards offering 'beautiful opportunities' and basically free loans with no interest, you still must pay them back eventually.

Many people that obtain zero percent interest credit cards usually keep making purchases but only pay the minimum payment; before these

people even know it, a year has passed by, and they have either maxed out their credit card or are sure as hell close to it. The credit card companies know that many people will do this, which is why they happily offer zero percent interest to their fellow credit card users and applicants. Now these people have a maxed out (or close to maxed out) credit card and no more zero percent interest benefits, which means their interest will now be anywhere from 10-30% percent (in many cases).

Sometimes people do not even know what their interest rate will even be after the zero percent interest phase because they didn't care to take note of this information when they first got the card; it is easy to *not* concern yourself with a future interest rate that will not be in effect until *one whole year (or more) later*.

**Credit Card Companies**

Credit cards are a genius idea. Most people like consuming more than conserving; credit card

companies know this and make billions of dollars off this simple fact.

**Perks & Benefits – Pros**

My personal favorite credit cards are the ones that offer you points towards hotels and flights, offer no interest rate for at least a year, and give cash back on purchases made by the card.

*In my opinion credit cards are most useful for these things listed below (but not exclusively limited to these things):*

1. Opportunities to obtain rewards and benefits

2. Emergency expenses that you plan to pay back within less than 1-12 months

3. Business opportunities

If you are getting a credit card to simply make frivolous purchases, and you do not expect to make anything more than the minimum

payments, then a credit card is probably not within your best interests. Credit cards are neither good or bad; it is how you utilize a credit card that determines whether it is positive or negative.

Some people say do not use credit cards at all, but sometimes a credit card can be very useful especially if you are going through a financial hardship and do not currently have as many available funds to utilize. Sometimes a credit card can be used to help you save money in the future by earning you points towards vacations, hotels, car rentals, and other perks. Credit cards can be used in a multitude of ways, but it is important that you discover the best way to use a credit card without hurting yourself in the process.

**Responsibilities**

Always, always, always, always, always set up automatic payment plans for every single bill that you have, even if you are good at remembering when to pay your bills on time; we are all human

and sometimes things happen, which inevitably lead to us forgetting to do something as simple as paying a bill on time. If you want to maintain a good financial rapport and credit score, then you must ensure you always make your payments on time.

If you are going to borrow money from someone, have the respect to pay them back on time. I understand if a person is going through a tough time and misses one or two payments but not paying on time can affect your financial rapport and your ability to obtain all sorts of loans and credit opportunities, if you ever need them (e.g. house loans, car loans, credit lines, etc.). Paying your credit card bills on time also helps to build up your credit score if you decide to utilize credit during your lifetime. If you pay on time or early, lenders will consider you a dependable loan user and reward you for being responsible. Some lenders will even offer incentives for setting up automatic payments.

**Takeaway**

*Set up automatic payments for your credit cards, period. Just do it.*

**Know Your Purpose**

When I got my first credit card, I knew exactly what I wanted it for and what I was going to use it for. Credit cards are *tools;* they are not toys to be played with irresponsibly. Utilize credit cards to your advantage, not to your disadvantage; furthermore, have the discipline to use credit cards only when you really need to or are using it for a specific purpose. Make a commitment to stick to your purpose for getting a credit card.

To re-emphasize the main point: it is important to get the right credit card for your needs and wants. If you want a credit card to rack up travel points, then don’t waste your time getting or applying for a different credit card that doesn't serve this goal.

## Hard Inquiries

A hard inquiry is when a lender reviews your credit background and history when you apply to obtain credit with them. These can affect your credit score, and it is not a good reflection if you have multiple hard inquiries or denied applications in a short period of time. When you are shopping around for a credit card, try to get pre-approved *first;* this does not guarantee your approval, but it does give you a feel for your chances of getting approved. Also, do your research and make sure you are applying for a credit card that you have a high percent chance of getting approved for based on your credit score. If you need to apply for two credit cards, then do just that and apply for them on the same day. You can also apply for one credit card and then wait a couple months before applying for the next one, so it does not affect your credit score too much.

## Cash Life

Technically if you plan to pay for everything out right with cash and don't care about potential lenders or credit card benefits, then none of this stuff really applies to you. If you buy everything with cash, then having a high credit score and building a solid credit history doesn't matter all that much. In my opinion, the cash life is an excellent way to live.

**Proactive Plan:**

**Credit Card Pay off Plan:**

**Step 1:** List all credit cards with their balances

**Step 2:** List all credit cards from the smallest balance to the highest balance

**Step 3:** Create a debt repayment plan and set a date you want everything paid off

**Step 4:** If you have several credit cards, see about consolidating your credit card debt

**Step 5:** Ensure all credit cards are set up for *automatic* payment

**Step 6:** Pay extra on the smallest credit card until it is paid off

**Step 7:** Add the monthly payment of the *paid credit card* to the monthly payment for the next card with the smallest balance

**Step 8:** Repeat step 6 and 7 until all credit cards are paid off

**Credit Card Pay-Off Plan Example:**

1. Discovery - Pay Off 6/30/2017
Balance: $600.00 | Minimum Payment $20.00 + $80.00 (extra)

2. Wells Fargo - Pay Off 12/31/2017
Balance: $833.00 | Minimum Payment $25.00 + ($100.00 from Paid Discovery Card)

3. Best Buy - Pay Off Goal --/--/----
Balance $2,500.00 | Minimum Payment $40.00 + ($125.00 from Paid Wells Fargo Card)

Listed below are the credit score ranges in case you are unfamiliar with the ranges. Discover where you rank currently (for free) at www.creditkarma.com. It is also very important to consistently check your credit score to ensure that all the information and accounts showing are correct.

| FICO Credit Score Chart Range |
| --- |
| Excellent: 800-850 |
| Very Good: 750-799 |
| Good: 700-749 |
| Fair: 650-699 |
| Poor: 600-649 |
| Very Poor: 300-599 |

***Takeaway***

*Make it a note to check your credit score regularly to catch any type of fraud right from the start. Also, with your credit karma account, you can get notified when any changes occur or accounts are opened in your name with your social security number.*

# Chapter 3: Student Loans

I despise student loans, but after a while I finally realized they aren't the equivalent with the "end of the world." No need to stress out about them, just pay them off.

1. Decide when you want to pay them off completely

2. Set up an automatic payment plan so you never miss your payments

3. Pay more than your monthly required payment
And forget about them…seriously

**The SCOOP on Student Loans**

Student loans provide a way to pay for education for millions of students around the country. Many people simply cannot afford to pay for college with their own resources. Furthermore, not

everyone is fortunate enough to obtain scholarships that will afford them a free education. There are many types of student loans, but the main two categories are private and public student loans. Then there are subsidized loans and unsubsidized loans.

**Private Loans:** This type of loan is provided for by private lenders. There are no federal forms to fill out for this type of loan. Usually when a person is unable to obtain public assistance, or they need more financial support, private loans come in handy. However, private loans are generally more expensive (have higher interest rates) in the long run in comparison to public loans.

**Public Loans:** There is often a federal form that you must fill out to obtain this type of loan. It is dispersed by governmental agencies. These types of loans are usually cheaper in the long run and

offer lower interest rates in comparison to private loans.

**Subsidized Loans:** The federal government pays any accrued interest on this type of loan while a student is in school at least halftime. You also are given a six-month grace period after graduation which means that you are not required to start paying your loan during this period.

**Unsubsidized Loans:** These loans began accruing interest as soon as the loan is disbursed to the loaner. You are not required to pay until you graduate. Upon graduation, the interest that has accrued is simply added to the principal amount on the loan. Naturally, subsidized public loans are the best option because you pay less interest.

***Takeaway***

*Overall, subsidized public loans are the best option because you pay less interest.*

**Paying Off Your Loans**

Paying off loans can be expensive, especially if you are not working. However, you must pay them back. Most people do not qualify for or complete any of the loan forgiveness programs, which either significantly reduce your payoff amount or forgive your loan altogether. If you don't take advantage of such programs or qualify for any of these programs, this means that you will be paying your loan back the old-fashioned way.

Four Student Loan Forgiveness Programs

**1. Public Service Loan Forgiveness:** The balance of your federal loan is dismissed if you work full time for a governmental agency or nonprofit organization for at least a decade. This program is best for those who are already planning to pursue a career in the public sector. Only certain types of loans may be paid in this

program, and you must make 120 payments on your loan before you can get the rest of the loan dismissed.

**2. Teacher Loan Forgiveness:** If you are a teacher and work full time for a total of five consecutive years, then you can have up to a total of $17,500 in student loans forgiven (direct loans or Stafford loans). You must work in a low-income public school, and you must also have taken your loans out after Oct. 1, 1998.

**3. Perkins Loan Cancellation:** If you have a Federal Perkins loan, you can have up to 100% of your loans cancelled if you work in a public service job (e.g. teacher, firefighter, nurse, police officer, etc.) usually after five years, but this can change on an ad-hoc basis.

**4. Income Driven Repayment:** This plan gives you the option to make your monthly payments based off a certain percentage of your income.

This payment plan is targeted for people with large balances relative to their yearly income.

***Please remember that these programs I listed above are subject to change at any time, and you always want to check programs for yourself to get more in depth details.*

There are many repayment plans and loan forgiveness programs well beyond the four I just listed. You can find more programs by doing some of your own research (which I suggest); you never know what programs you may find that fit your needs perfectly. Also, there may be people in your own social circle that have gotten their loans paid off. Ask around and see what opportunities the people in your circle have taken advantage of.

**Takeaway**

*The goal of this section is to inform you that there are many opportunities available to you that will help get your student loans paid off if you simply search for them. Many employers now also offer student loan repayment programs. The key is to simply ask. You won't be able to take advantage of opportunities that may be available to you if you never ask. ASK and SEEK for answers and opportunities and you will find them.*

**Paying Off Your Student Loans**

**1. Decide when you want to pay them off completely**

If you end up not finding any opportunities to help pay off your student loans, then you will have to buckle in and set up an automatic repayment plan to get those suckers paid off. The first step for setting yourself up to pay off your student loans is to decide on a date you want to have *all* your student loans paid off.

When you have a clearly defined target and plan of action that is written down, you will mostly likely reach your goal at the desired time you set to achieve it —which is why I say that deciding on the date you want to have your loans paid off completely and writing this down is the first step to getting your loans paid off. By creating a table or chart or simply writing down your loans with their relative balances and respective goal pay off dates, you are setting yourself up to have no more student loans.

**2. Set up an automatic payment plan so you never miss your payments**

First off, the automatic payment option is one of the best things that has ever happened. Automatic payment plans allow you to *almost* forget about keeping track of every time funds escape from your account. When you have an automatic payment plan set up, all you need to do is ensure

that you have the appropriate funds in your account to avoid overdraft fees.

**3. Pay *more* than your monthly minimum payment**

Most likely you will have to pay more than your monthly minimum payment to reach your desired goal of paying your student loans off. If you decide to pay your loans off in a longer period, then that is fine as well; as long as you have a plan of repayment, you are set. However, remember the longer you take to pay off your student loans, the more interest you will end up paying.

**4. Stop Stressing and forget about your student loans**

Once you have your target pay off goals set and your automatic payment plan set, it is then time to forget about your student loans…seriously.

You have done your part for setting yourself up to pay off your loans. Of course, you can find ways to increase your monthly payments to pay them off even faster, but until then just *focus on the rest of your life*.

Many people feel bad and tied down by their loans, but this is a state of mind. If you feel like student loans are taking too much of a chunk out of your paycheck, then let that be the fire that propels you to pay them off faster. You can also add another stream of income or ask for a raise at your current job. Do whatever it takes to make yourself more comfortable and happier.

***Takeaway***

*Don't look upon student loans as negative; look at student loans as opportunities to enhance yourself. College is not only an investment academically, but for many people their college experiences were some of the most enriching*

*moments of their lives that offered them some of the most valuable lessons and memories. Value your experiences, opportunities, and the education you obtained from taking out student loans and continue to live your life productively.*

Destiny S. Harris

# Chapter 4: Saving

You may not enjoy doing it now, but if you do it know you will never stop thanking yourself later down the road.

Saving money is one of the most valuable things a person can do for their financial future, but so many people do *not* do it, and an interesting fact is that saving is easier to do than people believe. So, if saving is easy to do and valuable for your future, then why don't more people engage in this practice? Well, saving is like eating healthy. People that make heathy eating a lifestyle do so because they know that eating healthy will positively benefit them both externally and internally, but they also realize that they will most likely increase their chances of living a longer life with fewer health issues. Saving is exactly like this. Usually, the *greatest* rewards that come from saving appear after extended

periods of time. Of course, if you are saving money on a regular basis, then you will inevitably see physical results by seeing the balance of your account increase every time, but sometimes these numbers do not look the most meaningful or numerous in the beginning stages. However, if you simply save and let the money build continuously, without touching it, then you will start to gain momentum and *want* to keep saving.

Saving money feels good once you've amassed a significant amount, but saving also starts to feel good after you get started and *keep going* (try it for yourself if you don't believe me*)*. Saving is essentially paying yourself and showing yourself that you care about YOU enough to put some of what you earn away for your future.

**Do I need to start saving right now?**

The answer is, YES. You want to start saving for your future as soon as possible. The sooner you

begin saving the sooner you will become financially sound and the less you will have to save later (due to compound interest). Most people do not start saving for their *golden years* until they reach their 30s or 40s. When you hit 30 you want to already have been saving for several years, but it's okay if you haven't; there is always hope for everyone.

You don't have to save a big percentage of your overall income; start small. Start saving 1 percent of your total income, and then gradually increase the percentage. The goal is to save a minimum of 10 percent of your income on a month-to-month basis and to gradually increase this amount overtime, depending on your financial goals. I know some people that save 25% of their income, and they are making hundreds of thousands of dollars. Some people do more than fine saving only 10 percent of their income or less; it depends on their income and financial needs.

When you start saving, you will begin to develop a sense of security within yourself. Your self-confidence and self-esteem will also grow because when you save money and pay yourself, you are investing in yourself and demonstrating that you value yourself.

**How much should I save?**

Determining how much you should save depends entirely upon you and your personal goals. Some people have an age and date set in their mind about when they want to retire. Other people have a financial goal in mind and give themselves more than enough time to reach that goal.

**Example 1**

*Donald wants to save up $960,000 by the time he is 60. He is currently 20 years old right now and an entrepreneur. He skipped the whole college route and went into business for himself. He now makes an estimated $10,000 a month.*

*Payment Plan: $2,0000/Month for 40 Years = $960,000.00*

Now this is a unique situation, and this plan does not factor in compound interest, but let's say Donald did not know anything about investing; hence, he spent 40 years of his life saving his money in a zero percent interest savings account. Well, he still reached his goal, and if he had *invested* his money, he would have an even greater amount saved up, which you will see in the next chapter.

**Example 2**

*Terry wants to save up $300,000 by 50 to pay for a house in cash. She is currently 30 years old and brings in $6,000 every month after taxes.*

*Payment Plan: $1,250/Month for 20 Years = $300,000*

These examples are here to show that how much you save per month, or year depends entirely upon your goals. Also, when you have clearly written goals, then you will reach your goals, especially when you know what you need to *consistently* do to reach those goals.

**Emergency Fund**

One suggestion many people come across often is how they should *always* have money saved up for rainy days (a.k.a. emergencies and random life events). I love the way Dave Ramsey words "rainy day funds" as "emergency funds." You should have a stocked emergency fund as a rule of thumb in case of an unexpected expense or emergency (e.g., car break down, hospital/doctor bill, car accident deductible, job loss, etc.). The amount that you decide to have in your emergency fund is entirely up to you. You can start your emergency fund with $500-$1000 dollars. This is typically a good range to start out

with, but you may need more depending on your life situation.

Major life events do happen, and sometimes these life events bring about a financial price with them. It is better to be prepared than not be prepared. Often, an unfortunate life event can go smoother by simply having an emergency fund to cover it. An emergency fund offers security and mitigates financial stress that may come about from unfortunate life circumstances.

**3-6 Month Expenses Is Necessary**

Another good rule of thumb is to have three to six months of your total monthly expenses saved up in a *liquid* bank account to ensure that you are prepared for cases such as being laid off. Circumstances *do* happen, but when you are financially prepared, you give yourself some breathing room, eliminate some of the stress, and give yourself time to recover. If all your monthly expenses are a total of $1,000 then your three to

six-month expense fund should range from $3,000-$6,000. The bigger this expense fund is the more security and time you have to recover from possible incidents. Saving = Preparation

Saving essentially is preparing for the unknown. An unknown could be a wedding, a car, an unexpected hospital bill, a funeral, a deductible for a car accident, a house, your retirement, new beats by Dre headphones, new brakes for your car, a vacation, a cruise, and whatever else you can think of. It is better to be prepared than not prepared. Having resources to utilize helps make your life easier to an extent; having resources saved up also affords you more of the things you want. Money does not create a *perfect* life, but it sure does eliminate issues that come about from a lack of finances.

If you start saving today, you will not only be prepared for your future, but also for the unexpected circumstances that occur in life. Mind

you, such circumstances do not have to be bad or negative situations at all; some positive circumstances cost money too (e.g., a spontaneous vacation or a business/investment opportunity). The bottom line is that saving is a wise decision to make for both your present and future.

***Takeaway***

*Start saving today —even if you can only afford $1 a week for starters. It's not always about* ***how much*** *you are saving, but more about* ***how often*** *you are saving. Consistency brings about results.*

# Chapter 5: Investing

"Compound interest is a beautiful phenomenon."
- Destiny H.

Definitions:

**Mutual Fund** – Diversified holdings that are professionally managed and funded by shareholders.

**Investing** – Expending money with the expectation of gaining a profit from those expended resources.

**Stocks** – Resources raised by a business or corporation through the issue of shares.

**Compound Interest** – Interest that is calculated on both accumulated interest and the initial principal = A gift to you.

If you don't already know this, investing is one of the most powerful actions that you can take with your money. Investing provides you the opportunity to save smaller amounts of money yet gain tremendous returns over the long or short haul.

**Compound Interest Calculator**

There are many resources and websites that offer compound interest calculators that can show you how much you need to save, at what interest rate, and the amount of time it will take to reach whatever financial goal you want to achieve. Go to Google and type in *compound interest calculator* and you will see different compound interest calculator options that you can toy around with.

**Millionaire Mindset**

Just in case you happen to want to be a millionaire, I want to let you know that it is

possible; it does not have to be *just* a dream. You can make this financial status a reality. You may have already heard this before, and had thoughts like, “I wish!” Well, dreams and wishes can come true, my friend.

The power of compound interest allows you to make the dream of becoming a millionaire a reality. If you saved $2,000 every month (like Donald in the previous chapter) for 40 years, you would have $960,000.00 saved up (and this is without any interest factored in), but let’s be real: Not everyone has $2,000 to save every month, which is exactly how and why compound interest can make your life easier. Let’s say you decide to invest $100/month at a 10 percent interest rate, in a mutual fund, and starting at the age of 25. You decide to follow this plan for 40 years. At the end of those 40 years, you will have accumulated an estimated $530,000-$585,000, depending on when you invest your money throughout the year.

Now let's say that you *do* have $2,000 dollars to save every month like Donald. Let's see how much you will have accumulated after those 40 years of investing: **$10,000,000-$12,000,000!** I want you to do the math here and see if you can understand how valuable and useful the practice of investing truly is for your financial future. You can literally *evolve* into a millionaire by simply saving a certain amount of money and investing it every month or year. *If you start saving $200.00 by the age of 25 in an account that offers 10 percent interest, then you will have over a million dollars saved by the age of 65.*

If you are intimidated by investing and all the financial language and terms, then get a financial advisor. There are a lot of financial advisors who are honest and willing to take care of both you *and* your financial future. It is very important to also take the time to learn the basics of investing to ensure that there are always two sets of eyes

watching your investments grow and develop over the decades.

Investing does not have to be hard. You can invest aggressively or moderately. The more aggressively you invest your money, the more you risk losing money, but the greater your financial rewards will be. On the other hand, if you invest your money less aggressively, your risk for losing money will be lower, and you will receive smaller financial rewards.

The benefit of investing with mutual funds is that they usually offer a mixture of low risk and high-risk investments, which means you will get the best of both worlds: security and growth. If you decide to embark upon the investment journey, then choosing a mutual fund is a great way to go to start off.

**Proactive Plan**

If you have not already started investing and want to get started, then take a moment right now to set up an appointment today with a financial advisor at a financial firm. There are many reputable financial firms that do not require big initial investments. Do your research to figure out which financial firm is going to be the right fit for you. The best thing you can do for yourself, and your financial future is to start saving and investing today. Even if that means $10/month because small amounts over time add up *BIG TIME.* Play around with the compound interest calculator and input the right numbers to see how you can start working toward achieving your financial goals today. If you are already working a full-time job, your employer may offer a 401k matching program –quickly take advantage of this!

***Takeaway***

*Investing is both a critical and powerful tool. You don't have to have a degree in finance or*

*economics to understand this. You also don't have to be a financial genius to invest your money. All you need to do is find a solid reputable financial firm or bank or even start using your employers 401k option (if you are working or have this benefit at your job) and start investing your money today. It is important that you complete your own financial research, as well; always be skeptical and smart when it comes to saving and investing your money. I recommend reading the most basic of books on investing so you can go about investing the smart, but easy way. The more you know about money, the smarter you will utilize it.*

# Chapter 6: Ways to Earn Extra Income

There are always multiple ways to earn extra income; don't fool yourself into believing otherwise.

If you are like many, you didn't get a job immediately upon graduation. Kudos to everyone who did; this is something to celebrate. It is also important for all students to celebrate the simple fact that they graduated, period —even without a job waiting for them. If you are jobless and on the search for a job, this period is a great time to bring in some extra income. In this chapter, from personal experience, I will convey to you five ways that you can earn extra income. As the saying goes, if it works for one person, then it can most likely work for another person —aka you.

Five Ways to Earn Some Extra Money:

1. Tutoring

2. E-Commerce (Amazon & eBay)

3. Teaching Music, Dance, or any type of Lessons

4. Upscale cleaning jobs

5. Thank you letters

Tutoring

What subjects do you enjoy learning most about or are very knowledgeable in?

1. Math – Geometry, Statistics, Calculus (1-3), Algebra, Arithmetic, etc.

2. Science – Chemistry (Inorganic, Organic, Physical), Biology, etc.

3. History – US, Asian, African, South American, Australian, etc.

4. English – Grammar, Writing, Poetry, etc.

Usually when people think of tutoring, they think of the subjects I listed above, but there are so many more subjects and other services you can render aside from basic tutoring lessons. Here are some examples listed below:

- Jewelry Making

- Astronomy/Astrology

- Law

- Medicine

- Nutrition

- Translating

- Help others speak and write English

- Fitness/Personal Training/Nutrition

- Organizing/Cleaning

- Helping high schoolers fill out college apps and proofreading their essays

- Assisting with research for grad students

If you are not interested in making money in any of these ways, then list things that you are good at and monetize those things. You can also teach yourself a subject and then teach it to someone else for a fee. It is not hard to make money. The next question you may ask is how you can let people know about the services you offer (which is a great question!). There are many advertising strategies you could use; some ideas are given below:

1. Make signs and put them in different areas and different cities near you

2. Get a business card and actively hand it out and display it in the right places

3. Network and take advantage of every opportunity to let people know what you offer

4. Offer a referral reward (e.g. free session) to prospective clients

5. Offer a promotion for one month (50% off all services). If people really like the services you provide, they will stick with you when the promotion ends and also refer you to their friends.

**E-Commerce**

I have done business in e-commerce since I was a kid, and I have learned that it is simple to make money online. If you do not want to get too deep

into the business of e-commerce you can simply sell your current electronics, extra phones, video games, laptops, clothes, name brand items, etc., through various online websites, such as eBay, Amazon, Craigslist, etc.

If you want to do some serious e-commerce business, then check out Amazon FBA (Fulfillment by Amazon). There is a lot of potential money to make through this outlet, and you may enjoy it so much that you stick with it. For Amazon FBA, all you have to do is:

1. Buy product (initial investment)
2. Ship the product you buy to Amazon
3. Sell it for more (your profit)

There are some other details involved with Amazon FBA, but they are worth your time if you really want to bring in some extra income. Check out www.amazon.com/fba. Your items will sell quick or slow depending on the sales

rank of your chosen products. The goal is to sell the most profitable and hottest items on the market, and to find these items for a bargain price to increase your profit.

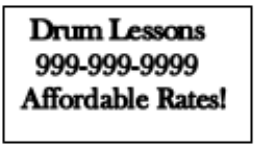
**Teaching/Giving Music & Dance Lessons**
If you are good at a musical instrument or a certain style of dance, then monetize your skills.

A lot of people want to invest in their kids and get them in lessons, and some people want to invest in themselves and learn something they have never tried before (or something they have always wanted to learn). Teaching music offers big money-making opportunities. Depending on where you live, you can charge anywhere from $10-$60/hour and $5-$30 for half-hour sessions.

**Marketing Yourself as A Music Teacher**
Many of your clients can come from word of mouth (referrals), LinkedIn, and putting out signs. The signs that you put out can be as

professional as the ones you see for political campaigns or as simple as ones you see for weekend garage sales. It really doesn't matter which method you use; just make sure the sign is clean, readable, and concise.

Example Sign Template:




**Upscale Cleaning Jobs**

Basic cleaning jobs often offer you a little money, but if you can, seek to do cleaning jobs for prominent people with money; these types of cleaning jobs will offer you big bucks if you charge the right fee. Upscale cleaning fees for luxury condos and houses range anywhere from $40-$100 per hour or a flat rate. Moreover, ensure your service matches up with whatever price you set.

**Thank You Letters**

One of the most important things that you can do throughout your life and current or future career is to *thank* people. Thank people for the simple things and the big things. Whenever you graduate from high school, college, grad school, law school, medical school, etc., thank *all* the people that have witnessed, supported and have been involved with your journey. Often, simply telling people, "Thank you" for those simple things can open financial doors of opportunity for yourself. Send these people heartfelt and genuine thank-you letters. Don't expect anything from them by sending these letters, but oftentimes gratitude ends up bringing rewards to those who express it anyway.

***Takeaway***

*There are always ways to bring in some extra income. If you really want to earn some extra income, then you will find ways to make this*

*happen. There are many knowledgeable and useful articles that offer more tips on earning income. Just know that after you graduate there is no reason for you to be broke. Working for yourself and utilizing an entrepreneur mentality can most definitely carry you on financially, for both long and short periods of time, if you put in smart and consistent effort; and remember, it doesn't have to be hard to earn money, and it shouldn't be.*